

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

March 31, 2003

IN RE:

PETITION OF TENNESSEE AMERICAN WATER
COMPANY TO CHANGE AND INCREASE CERTAIN
RATES AND CHARGES SO AS TO PERMIT IT TO EARN
A FAIR AND ADEQUATE RATE OF RETURN ON ITS
PROPERTY USED AND USEFUL IN FURNISHING
WATER SERVICE TO ITS CUSTOMERS

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) DOCKET NO.
) 03-00118
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ORDER SUSPENDING INCREASE IN RATES FOR NINETY DAYS
AND APPOINTING A PRE-HEARING OFFICER

This matter came before Chairman Sara Kyle, Director Pat Miller and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on March 3, 2003, for consideration of the *Petition of Tennessee American Water Company to Change and Increase Certain Rates and Charges So As to Permit It to Earn a Fair and Adequate Rate of Return on Its Property Used and Useful in Furnishing Water Service to Its Customers* ("Petition") filed by Tennessee American Water Company ("TAWC") on February 7, 2003.

On February 25, 2003, the Consumer Advocate and Protection Division of the Office of the Attorney General and the City of Chattanooga filed petitions to intervene in this matter. On February 26, 2003, the Chattanooga Manufacturers Association also filed a petition to intervene.

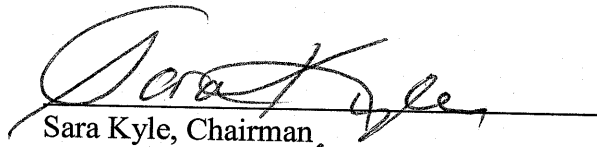
During the March 3, 2003 Authority Conference, the panel voted unanimously to suspend, pursuant to Tenn. Code Ann. § 65-5-203(a), the rate increase proposed by TAWC through June 9, 2003, and appoint Director Ron Jones to act as the Pre-Hearing Officer¹ in this

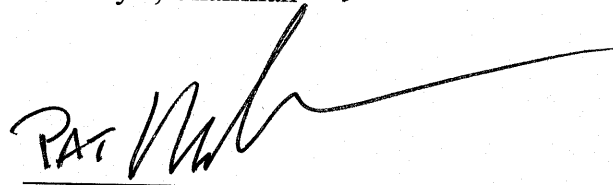
¹ By appointing Director Jones as the Pre-Hearing Officer in this docket the panel acknowledged that a contested case was being convened in accordance with Tenn. Code Ann. § 65-5-203.

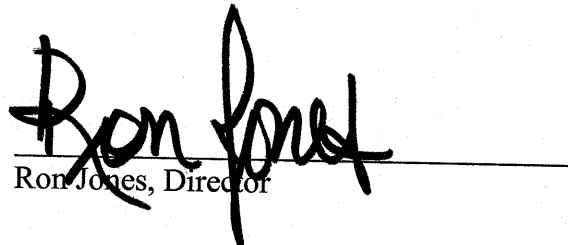
proceeding to hear preliminary matters prior to the Hearing, to rule on any petition(s) for intervention, and to set a procedural schedule to completion.

IT IS THEREFORE ORDERED THAT:

1. The rate increase proposed by Tennessee American Water Company in the *Petition of Tennessee American Water Company to Change and Increase Certain Rates and Charges So As to Permit It to Earn a Fair and Adequate Rate of Return on Its Property Used and Useful in Furnishing Water Service to Its Customers* is suspended through June 9, 2003; and
2. Director Ron Jones is appointed to act as Pre-Hearing Officer in this proceeding to hear preliminary matters prior to the Hearing, to rule on any petition(s) for intervention, and to set a procedural schedule to completion.


Sara Kyle, Chairman


Pat Miller, Director


Ron Jones, Director